

Well Name: G.P. A-3

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	Ashland Exploration, Inc.)	
)	
RELIEF SOUGHT:	FORCED POOLING)
)	
LEGAL DESCRIPTION:	UNIT G.P.A-3) DOCKET NUMBER:
	KNOX DISTRICT) VGOB-92/12/15-0298
	BUCHANAN COUNTY, VIRGINIA)
)	
	(SEE DESCRIPTION HEREIN AND)
	MAP AND PLAT ATTACHED HERETO)
	AS EXHIBITS A and B)

NOTICE: This application shall come on for hearing before the Virginia Gas and Oil Board at a meeting to be held on the 15th day of December, 1992, in Abingdon, Virginia, on the Hillman Highway.

APPLICATION:

1. Parties.

1.1 Applicant herein is Ashland Exploration, Inc., ("Ashland") a corporation, whose address for the purposes hereof is P. O. Box 391, Ashland, Kentucky, 41101. Telephone: 606-329-3333. The attorney for Applicant is J. Grant McGuire, Suite 1400, Coal Exchange Building, 401 Eleventh Street, P. O. Box 1835, Huntington, West Virginia, 25719. Telephone: 304-529-2391.

1.2 The tract which is the subject matter of this application is known as Unit G.P.A-3 (the "Unit") as hereafter

described and is depicted on the map and plat attached respectively as Exhibits A and B. The names and last-known addresses of each gas, oil, coal and mineral owner identified by Applicant as owning an interest in the gas, oil, coal and minerals underlying the Unit are set forth in Exhibit "C" attached hereto and made a part hereof.

Every individual or entity having an interest in the gas underlying the tracts in the Unit located in Knox District is made a party to this application, whether known or unknown. Each of the individuals named in Exhibit "C" is being made a party if living; if any such individual is deceased, then the unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made parties hereto. Any entity listed in Exhibit "C" that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors, trustees and assigns, both immediate and remote, of such dissolved corporation are made parties herein. Any entity listed in Exhibit "C" that is an unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees and assigns, both immediate and remote, of such unincorporated association are made parties herein.

1.3 Applicant has exercised due diligence to locate each of the persons and entities listed on Exhibit "C" owning interests in the gas, oil, coal and minerals underlying the tracts in the Unit. The parties named in Exhibit "D" are the gas owners who have not agreed to pool their interests in the Unit. Applicant has attached an affidavit of due diligence as Exhibit "E". Applicant will deposit into an interest-bearing escrow account as required by Va. Code Ann. §45.1-361.21D (Michie Supp. 1991) all cash bonuses, royalty payments or other payments attributable to any gas owner whose identity and location are unknown. Simultaneously with the filing of this application, Applicant has provided notice to each of the known parties set forth in Exhibit "C" pursuant to the provisions of Va. Code Ann. §45.1-361.19A (Michie Supp. 1991). Applicant is providing notice by certified mail, return receipt requested, to each known person or entity having or claiming an interest in the gas, oil, coal and minerals underlying the Unit. The owners whose locations are unknown at the time of the filing of this application are shown on Exhibit "F". Applicant hereby notifies the Virginia Gas and Oil Board (hereinafter the "Board") that where the identity or location of any person or entity is unknown, or is shown as "unknown" on Exhibits "C", "D", or "F", then Applicant is unable to provide said person or entity with written notice of the application herein. Applicant hereby notifies the Board that where the identity or location of any person or entity is un-

known, or is shown as "unknown" on Exhibits "C", "D", or "F", Applicant is providing such person or entity with notice by publication in a newspaper of general circulation pursuant to Va. Code Ann. §45.1-361.19 (Michie Supp. 1991). The gas interests of such persons and entities, whether known or unknown, should be pooled for the development and operation thereof. It is necessary, to prevent waste, to protect correlative rights, and to ensure the safe and efficient development and production of gas resources in the Commonwealth, that the Board hear this matter and adjudicate the rights and equities as between Applicant and the herein named persons and entities.

2. Allegation of Facts:

A. Description.

2.1 A description for the Unit area to be pooled is as follows:

A circular unit of 125.66 acres with a radius of 1320 feet extending from a point located on Virginia State Plane Coordinate N421718.6592, E968158.3482.

B. Formations.

2.2 The target formation underlying the Unit which is to be produced is the Devonian Shale formation.

C. Well.

2.3 The type of well proposed by this application is a gas well.

D. Force Pooling.

2.4 Two or more separately owned tracts are embraced within the Unit. There are separately owned interests in all or part of the Unit and a portion of those owning interests have not agreed to pool their interests.

2.5 Applicant currently has under lease 61.60% of the rights to develop and produce gas from the Unit. The parties named in Exhibit "D" are the gas owners who have not agreed to pool their interests in the Unit. These gas owners account for 38.40% of the Unit. Applicant has made a bona fide effort to reach an agreement with all known parties as to their interests for the development and operation of the Unit involved herein. Therefore, the interests of the gas owners in the Unit involved herein, whether known or unknown, should be pooled for the development and operation thereof.

E. Costs and Production.

2.6 The estimated average production for the well over its life is 26 mcf. The estimated amount of reserves contained within the Unit is 0.3 bcf. These figures concerning

estimated production and the amount of reserves are, however, estimates only that are not based upon actual production.

2.7 The estimated cost of drilling, completing, and producing the well is shown on the Detailed Well Estimate attached as Exhibit "G".

3. Legal Authority. The relief sought by this Application is authorized by: (1) Va. Code Ann. §§45.1-361.1 et seq. (Michie Supp. 1991); (2) VR 480-05-22.1; (3) VR 480-05-22.2 (1991); and, (4) such other regulations promulgated pursuant to law.

4. Relief Sought. Applicant respectfully requests the Board to enter an order as follows:

(A) Pooling all the interests and estates of every individual or entity having an interest in the gas underlying the tracts in the Unit, whether known or unknown, the persons and entities having an interest in the gas underlying the tracts in the Unit named herein in Exhibit "C" and their known and unknown heirs, executors, and administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of gas from the Unit;

(B) Designating Applicant, Ashland Exploration, Inc., as the Unit Operator ("Operator"); providing that the Operator shall have the right to drill, explore, develop, produce, market

and sell gas produced from the Unit; granting the Operator the right to drill at any permitted location on the Unit; and granting the Operator the right to operate the well drilled on the Unit;

(C) Establishing a procedure whereby each person or entity named herein shall have the right to elect: (1) to assign or lease his/its gas interest in the Unit to the Operator; (2) to enter into a voluntary agreement with the Operator to share in the operation (including sharing in all reasonable costs of the drilling of the well and development of the Unit) at a rate of payment mutually agreed to by the person or entity making the election hereunder and the Operator herein; or, (3) to share in the operation of the well drilled on the Unit as a nonparticipating operator on a carried basis after the proceeds allocable to such person or entity's share equal the following:

In the case of a leased tract, 300 percent of the share of such costs allocable to such person or entity's interest; or,

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person or entity's interest,

all as determined by the Board;

(D) Providing that any person or entity named herein who does not make a timely written election under the terms of the order to be entered herein shall be deemed to have leased

his/its gas interests in the Unit to the Operator at a rate to be established by the Board;

(E) Providing that all reasonable costs and expenses of drilling, completing, equipping, operating, plugging and abandoning such well shall be borne, and all production therefrom shares, by all participating parties in the proportion which the acreage in the unitized tracts owned or under lease to each such participating party bears to the total acreage in the Unit;

(F) Making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee to the Operator, by all parties who elect to participate therein or who elect to be carried interest owners;

(G) Making all necessary provisions for the escrowing of proceeds in cases of unknown or unlocated owners of the gas underlying the Unit pursuant to Va. Code Ann. §45.1-361.21D (Michie Supp. 1991);

(H) Providing that the order to be entered herein shall expire one (1) year from the date of this issuance if operations for the development of the Unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the Unit;

(I) Providing that all nonleasing gas owners be provided with reasonable access to unit records submitted to the

Director of Mines, Minerals and Energy or to the Virginia Gas and Oil Inspector; and,

(J) Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

DATED this 2 day of Nov, 1992.

ASHLAND EXPLORATION, INC.

J. Grant McGuire
Attorney at Law
Suite 1400 Coal Exchange Building
P. O. Box 1835
Huntington, West Virginia 25719
(304) 529-2391

CERTIFICATE

The foregoing Application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19 (Michie Supp. 1991).

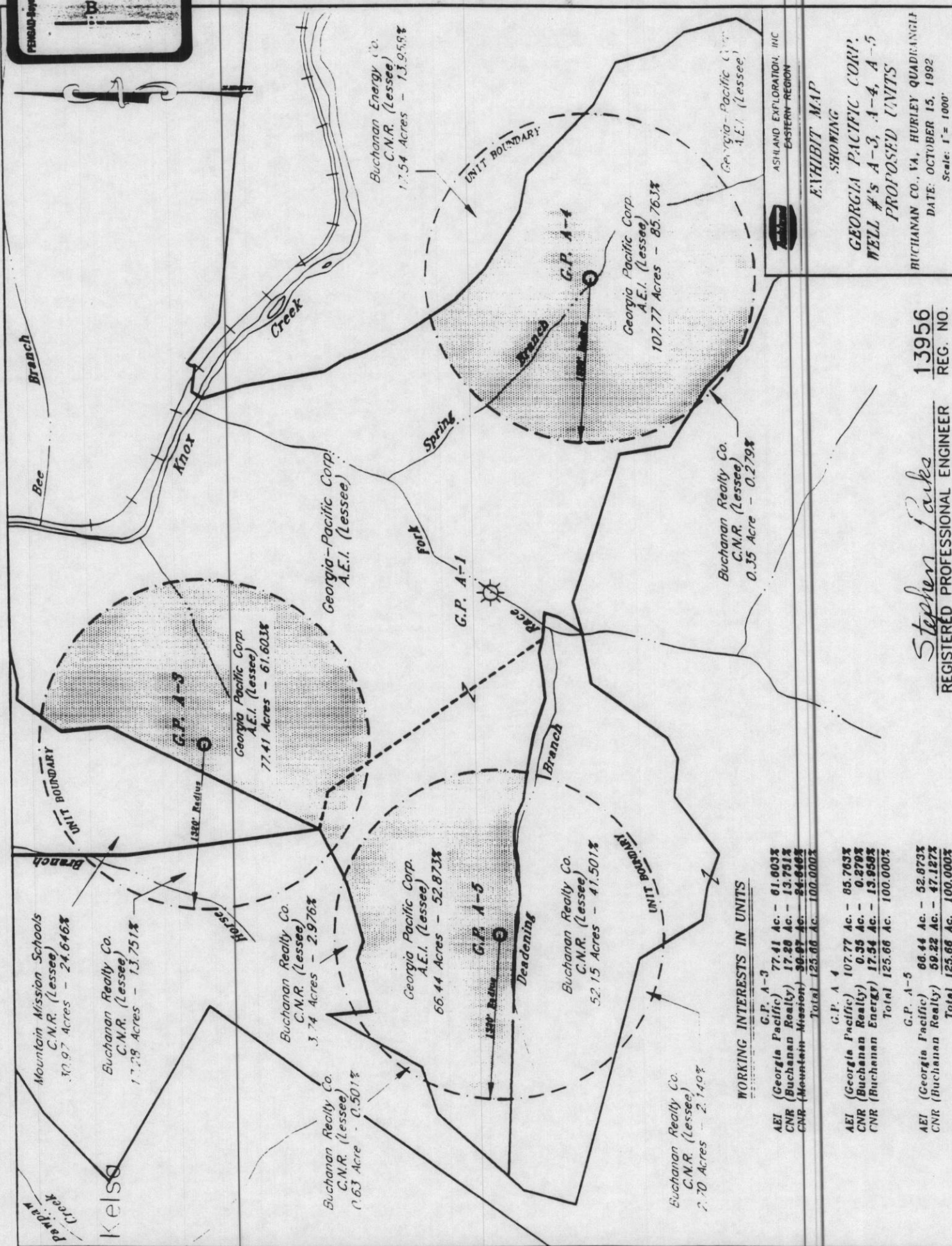
The undersigned further attests that the Well Location Map attached as Exhibit B conforms to existing order of the Virginia Gas and Oil Board.

I, J. Grant McGuire, of counsel for Ashland Exploration, Inc., hereby certify that I have on this, the 12 day of Nov, 1992, caused the foregoing notice and application to be served upon all parties listed on Exhibit C, who have an interest in property within 2640 feet of Well G.P. A-3, at their address, by certified mail, return receipt requested.

Dated this 12 day of Nov, 1992.

J. Grant McGuire

J. Grant McGuire
Counsel for Ashland Exploration, Inc.

LAND EXPLORATION, INC.
EASTERN REGION

**EXHIBIT MAP
SHOWING**

GEORGIA PACIFIC CORP.
WELL #'S A-3, A-4, A-5
PROPOSED UNITS

BUCHANAN CO., VA, HURLEY QUADRANGLE
DATE: OCTOBER 15, 1992

Scale: 1" = 1000'

Stephen Jaks
REGISTERED PROFESSIONAL ENGINEER

Stephen Parks
REGISTERED PROFESSIONAL ENGINEER

13956

REG. NO.

EXHIBIT C

GAS, OIL, COAL AND MINERAL OWNER OR POTENTIAL OWNERS OF 125.66 ACRES

I. Fee Ownership (Surface, Coal, Gas and Oil)

- | | | |
|----|---|----------------------|
| 1. | Georgia Pacific Corporation
P. O. Box 105605
Atlanta, Georgia 30348 | 77.41 Acres = 61.60% |
| 2. | Mountain Mission Schools
One Hurley Street
Grundy, Virginia 24614 | 48.25 Acres = 38.40% |

- II. Mineral Ownership (Coal, Gas, Oil) 17.28 Acres = 13.75%
- Buchanan Realty Co.
Box 663
Grundy, Virginia 24614

III. Gas and Oil Leasehold Ownership

- | | | |
|----|--|----------------------|
| 1. | Ashland Exploration, Inc.
P. O. Box 391
Ashland, KY 41101 | 77.41 Acres = 61.60% |
| 2. | Columbia Natural Resources
Attn: Danny Haught
900 Pennsylvania Avenue
P.O. Box 6070
Charleston, WV 25362 | 48.25 Acres = 38.40% |

IV. Coal Leasehold Ownership

- | | |
|---|---------------------|
| Race Fork Coal Corp.
P. O. Box 196
Hurley, Virginia 24620 | 125.66 Acres = 100% |
|---|---------------------|

V. Coalbed Methane Specific Leasehold Ownership

None.

EXHIBIT D

Unleased Owners and Potential Owner of Gas

Columbia Natural Resources
Attn: Danny Haught
900 Pennsylvania Avenue
P. O. Box 6070
Charleston, WV 25362

48.25 Acres = 38.40%

EXHIBIT E

AFFIDAVIT OF DUE DILIGENCE

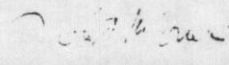
Comes the Affiant, J. Grant McGuire, being duly sworn,
deposes and says as follows:

1. Affiant is counsel for Ashland Exploration, Inc.,
and is authorized to execute this affidavit.

2. Ashland Exploration, Inc., has used due diligence
to locate and serve all persons designated as gas, oil, coal or
mineral owners having an interest underlying any tract located
within the distances of proposed Well G.P. A-3 in Knox District,
Buchanan County, Virginia, in accordance with Va. Code §45.1-
361.19 and Section 4 of VR 480-05-22.2.

3. All known persons referenced above have been served
with notice of the hearing. Any such persons whose names or
locations are unknown have been notified by publication in
accordance with Section 4 of the above-referenced regulation.

And further this Affiant sayeth not.



J. Grant McGuire

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, TO-WIT:

Taken, subscribed and sworn to before me, the under-
signed authority, this 12th day of November, 1992.

My commission expires 12th day of Feb 1993

(Notarial
Seal)

Notary Public

EXHIBIT F

Unlocated Gas, Oil, Coal and Mineral Owners

None

Ashland Exploration, Inc.

DATE 3-27-92

WELL NO

PROSPECT OR FIELD

OPERATOR

LEASE NAME OR BLOCK

WELL NUMBER

AEI

Georgia Pacific (Oxy)

A-3

STATE

COUNTY

LOCATION

7,590' S of 37°27'30"
3,910' W of 82°02'30"PROPOSED T.D.
5749

FORMATION

Dev. Shale

PURPOSE OR EXPENDITURE

CONTRACTOR

RIG NO.

Drill and Complete Development Gas Well

DRILL, COMPL

LAND

SINGLE

EXPLORATORY

OIL

WATER DISP/INJ

WORKOVER

OFFSHORE

DUAL

DEVELOPMENT

GAS

WATER SUPPLY

RE-COMplete

INLAND WATER

OTHER

SEC REC

OTHER

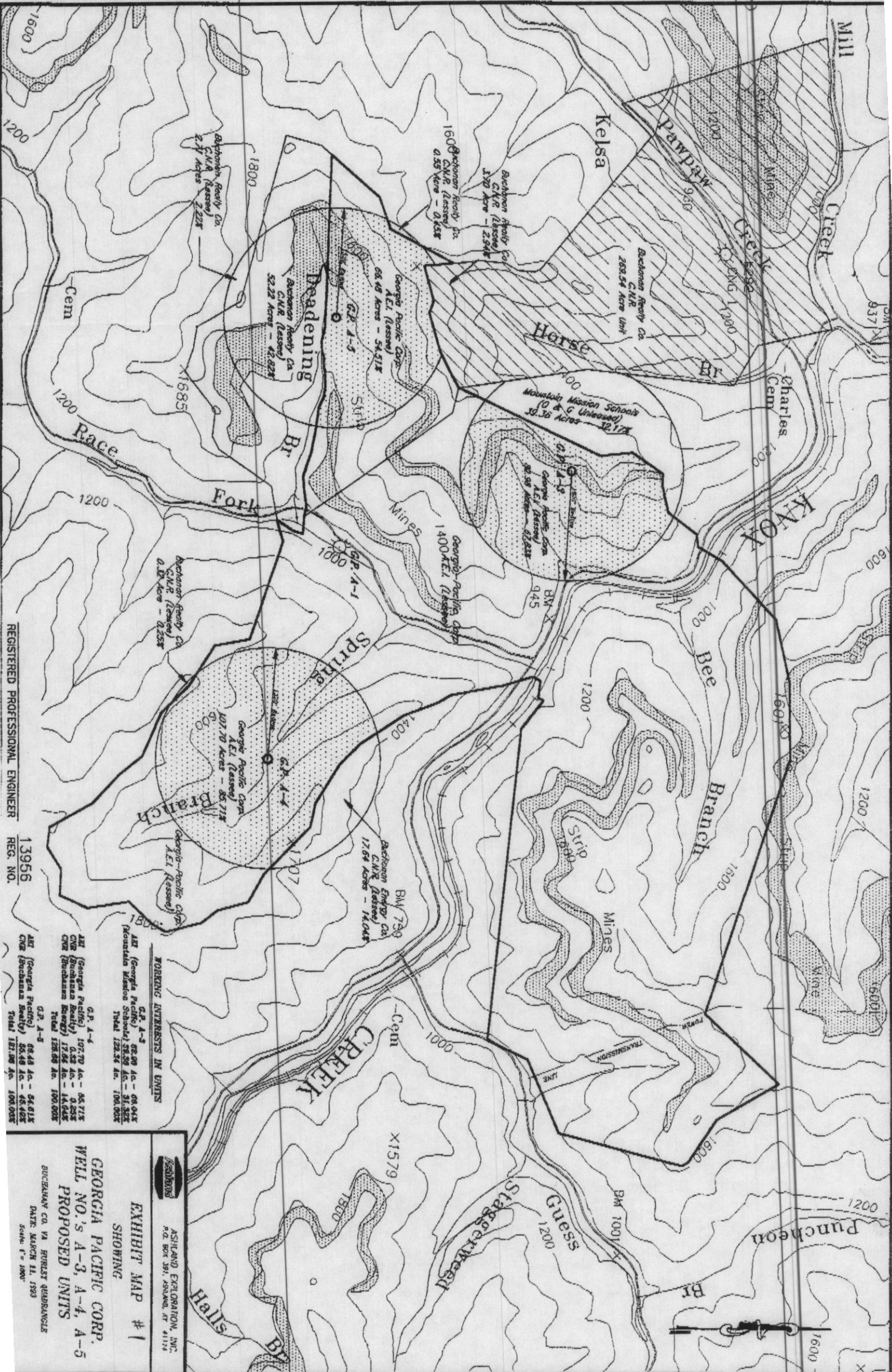
CODE	INTANGIBLE EXPENSE	CASING POINT COMPLETION COST	COMPLETION COST	TOTAL COST
820	LOCATION—PREPARATION AND MAINTENANCE	\$ 37,000	\$	\$ 37,000
819	MOBILIZATION/DEMOBILIZATION			
812	CONTRACT DRILLING—DAYWORK	2,000		2,000
811	CONTRACT DRILLING—FOOTAGE	73,500		73,500
810	CONTRACT DRILLING—TURNKEY			
809	WORKOVER OR COMPLETION RIGS		7,000	7,000
815	FUEL, POWER, AND LUBRICANTS			
827	BITS, REAMERS, AND STABILIZERS			
822	DRILLING AND COMPLETION FLUIDS	2,500	2,000	4,500
821	CEMENT, CMT SERVICES, MECH AIDS, AND DEVICES	16,000	10,000	26,000
740	CONVENTIONAL CORING AND CORING SERV			
837	TRANSPORTATION	2,500	2,500	5,000
839	WATER SUPPLY			
831	MUD LOGGING			
741	LOGGING—OPEN HOLE	7,760		7,760
835	CASED HOLE LOGS, PERFORATING & OTHER WIRELINE SERVS		5,500	5,500
803	TESTING			
802	STIMULATION/PRODUCTION ENHANCEMENT		35,000	35,000
825	RENTAL TOOLS AND EQUIPMENT	2,500	2,500	5,000
836	CONTRACT SERVICES	2,500	2,500	5,000
743	INSPECTION SERVICES			
826	DIRECTIONAL DRILLING SERVICES			
804	FISHING			
745	COMMUNICATIONS			
805	INSURANCE			
808	OVERHEAD			
840	SUPERVISION—COMPANY	2,700	2,100	4,800
841	SUPERVISION—OUTSIDE	1,500		1,500
849	MISCELLANEOUS	7,540	3,400	10,940
	TOTAL INTANGIBLE EXPENSE	\$ 158,000	\$ 72,500	\$ 230,500

CODE	TANGIBLE EXPENSE	FT	@	\$/FT		
850	STRUCTURAL CASING	30	16"	@	\$/FT	500
850	CONDUCTOR CASING	350	11 3/4"	@	\$/FT	5,000
850	SURFACE CASING	1886	8 5/8"	@	\$/FT	13,000
850	INTERMEDIATE CASING					
850	DRILLING LINER					
850	PRODUCTION LINER					
850	PRODUCTION CASING	5749	4 1/2"	@	\$/FT	17,500
854	TUBING	5699	2 3/8"	@	\$/FT	10,000
855	WELLHEAD EQUIPMENT				500	1,000
856	ARTIFICIAL LIFT EQUIP—SURFACE					
853	SUBSURFACE PRODUCTION EQUIPMENT					
857	MISC WELL EQUIP (LNR HGR, MUDLINE SUSP, ETC)					
862	PRODUCTION FACILITIES—MAJOR				12,000	12,000
864	PRODUCTION FACILITIES—OTHER CONTROLLABLES					
867	INSTALLATION—PRODUCTION FACILITIES				12,000	12,000
	TOTAL TANGIBLE EXPENSE				\$ 19,000	\$ 52,500
	TOTAL WELL COST				\$ 177,000	\$ 125,000
	P & A EXPENSE					
	TOTAL DRY HOLE COST					

WORKING INTEREST	PER CENT	CASING POINT	TOTAL	DATE
OWNER		COST	COST	
AEI	61.603	\$109,037.31	\$186,041.06	5-20-92
CNR	38.397	\$67,962.69	\$115,958.94	
Total		\$177,000.00	\$302,000.00	
APPROVED BY				DATE
COMPANY				DATE
APPROVED BY				DATE

EXHIBIT

6



REGISTERED PROFESSIONAL ENGINEER
13956
REG. NO.

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-3	62.00	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	107.00	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-4	107.20	66.71%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	152.24	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-5	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-6	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-7	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-8	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-9	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-10	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-11	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-12	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-13	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-14	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-15	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-16	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

WORTHING INTERESTS IN UNITS

UNIT	ACRES	INTEREST
G.P. A-17	66.48	66.04%
CNR (Georgia Pacific)	3.33	6.67%
CNR (Buckman Realty)	3.33	6.67%
Pennetta Mission School	38.38	61.32%
Total	111.52	100.00%

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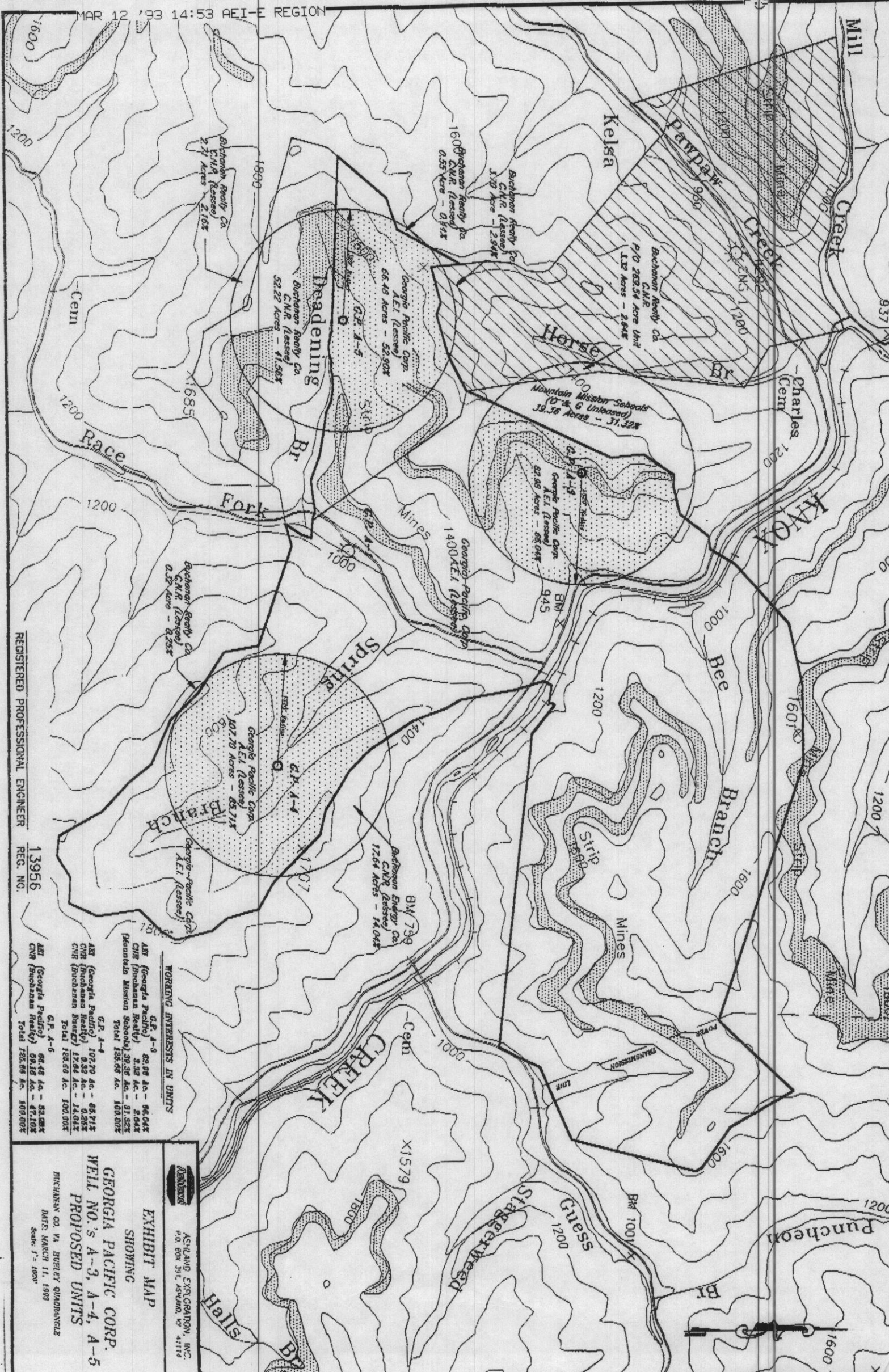
BONDING INTERESTS IN UNITS	
G.P. A-3	
MT (Georgia Pacific)	62.92 Ac. - 66.044444
CNR (Bachman Realty)	3.52 Ac. - 2.644444
MT (Georgia Pacific)	39.39 Ac. - 51.522222
CNR (Bachman Realty)	30.39 Ac. - 10.022222
Total 135.66 Ac. 100.020000	
G.P. A-4	
MT (Georgia Pacific)	107.29 Ac. - 68.971111
CNR (Bachman Realty)	0.32 Ac. - 0.255556
MT (Georgia Pacific)	11.83 Ac. - 14.033333
CNR (Bachman Realty)	0.58 Ac. - 1.000000
Total 120.02 Ac. 100.000000	
G.P. A-6	
MT (Georgia Pacific)	68.48 Ac. - 53.000000
CNR (Bachman Realty)	69.18 Ac. - 47.000000
Total 137.66 Ac. 100.000000	

SHOWING

GEORGIA PACIFIC CORP.
WELL NO.'S A-3, A-4, A-5
PROPOSED UNITS

PHILIPMAN CO. PA. MEELY QUADRANT

Scale: 1" = 1000'



REGISTERED PROFESSIONAL ENGINEER

REG. NO. 13956

WORKING INTERESTS IN UNITS	
G.P. A-3	62.08 Ac. - 66.04%
AEI (Georgia Pacific)	62.52 Ac. - 66.41%
CNR (Buchanan Realty)	39.38 Ac. - 41.92%
Mountain Mission School	39.38 Ac. - 41.92%
Total	138.66 Ac. 100.00%
G.P. A-4	102.70 Ac. - 66.71%
AEI (Georgia Pacific)	66.71 Ac. - 66.71%
CNR (Buchanan Realty)	12.64 Ac. - 12.41%
Total	125.05 Ac. 100.00%
G.P. A-5	66.48 Ac. - 53.08%
AEI (Georgia Pacific)	66.48 Ac. - 53.08%
CNR (Buchanan Realty)	69.18 Ac. - 47.10%
Total	135.66 Ac. 100.00%

EXHIBIT MAP
SHOWING

GEORGIA PACIFIC CORP.
WELL NO.'S A-3, A-4, A-5
PROPOSED UNITS

BUNHMAN CO. VA. HOPLEY QUADRANGLE
DATE: MARCH 11, 1993
Scale: 1" = 100'

ASHLAND EXPLORATION, INC.
P.O. BOX 301, ASHLAND, VA 41714